

RESOLUTION NO. 02-08

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MALIBU AMENDING THE INVESTMENT POLICY, DELEGATING INVESTMENT RESPONSIBILITY TO THE CITY TREASURER, AND REPEALING RESOLUTION NO. 01-01

SECTION 1. City of Malibu Resolution No. 01-01 is hereby repealed.

SECTION 2. Section 53646(a)(2) of the Government Code of the State of California requires the City Treasurer to annually render to the City Council for consideration, a statement of investment policy.

SECTION 3 Section 53607 of the Government Code of the State of California allows the City Council to delegate to the City Treasurer (for a one-year period) the authority and responsibility for investing, reinvesting, selling, or exchanging securities so purchased, using city surplus funds.

SECTION 4. The City Council hereby approves the Statement of Investment Policy, dated January 28, 2002.

SECTION 5 Delegation of the authority and responsibility for investing surplus funds is authorized to the City Treasurer, for a one-year period, unless revoked prior to one year.

PASSED, APPROVED AND ADOPTED this 28th day of January, 2002.

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JOAN HOUSE, Mayor

ATTEST:

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CITY OF MALIBU  
STATEMENT OF INVESTMENT POLICY

**1.0 Policy**

It is the policy of the City of Malibu to invest surplus public funds in a manner which will provide maximum safety, liquidity, and yield, in that order; while meeting the daily cash requirements of the city. All investments shall conform to federal, state, and local statutes governing the investment and deposits of public funds. The City shall strive to maintain the level of investment of its idle funds at as near 100% as possible, through projected cash flow determinations.

**2.0 Scope**

This investment policy applies to all financial assets of the City of Malibu, with the following exceptions:

- 2.1 Deferred Compensation/Retirement Funds **B** investments are directed by the individual retirement plan or by the plan participants.
- 2.2 Debt Service Funds Held by Trustees **B** investments are placed in accordance with bond indenture provisions.
- 2.3 Notes and Loans **B** investments are authorized by separate agreements approved by the city council.

**3.0 Prudence**

Investments shall be made in accordance with the **A**prudent investor standard<sup>@</sup>. This standard provides that an investor, **A**shall act with care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.<sup>@</sup>

Investment officers acting in accordance with this investment policy and any written procedures and exercising due diligence, shall be relieved of personal liability for an individual security's credit risk or market price changes, provided deviations from expected results are reported in a timely fashion and appropriate action is taken to control adverse developments.

**4.0 Authorized Investments**

The City of Malibu is empowered by statute, and further limited by this investment policy, to invest in only the following types of instruments:

- 4.1 Local Agency Investment Fund **B** State Controller managed fund
- 4.2 Demand Deposits **B** Cash in bank daily **A**sweep@balances
- 4.3 U.S. Treasury Bills and Notes **B** Maximum 5 years
- 4.4 U.S. Government Agency Issues **B** FNMA, GNMA, FMAC, etc.
- 4.5 Certificates of Deposit **B** Federal and state chartered banks or savings and loan associations with an office in the State of California.
- 4.6 The Los Angeles County Pooled Investment Fund
- 4.7 Passbook Savings or Money Market Demand Deposits
- 4.8 Repurchase Agreements - Maximum one year.

## **5.0 Custody**

Securities will be held by a third party custodian, in the City of Malibu's name and control, designated by the City Treasurer, and evidenced by safekeeping receipts. This includes delivery prior to payment (DVP) provisions.

## **6.0 Diversification**

The City of Malibu will diversify its investment by security type and institution. With the exception of demand deposits, U.S. Treasury securities and authorized pools, no more than 20% of the total investment portfolio will be invested in a single security type or with a single financial institution.

## **7.0 Maximum Maturities**

Investments shall not exceed a five-year maturity.

## **8.0 Responsibilities of Administrative Services Department**

- 8.1 The Administrative Services Department is charged with responsibility for maintaining custody of all public funds belonging to and under the control of the City of Malibu, and for the deposit of those funds in accordance with principles of sound cash management and applicable laws and ordinances.
- 8.2 All interest earned on investments under this policy shall be allocated quarterly to all funds legally required to have interest allocated, based on the positive cash balances in each fund, as a percentage of the entire pooled portfolio.

8.3 The Administrative Services Department shall provide the City Treasurer with cash flow, expenditure, and forecast reports as are necessary to determine appropriate amounts to be invested or sold, and meet the certification of warrants required by California Government Code Section 37202.

## **9.0 Responsibilities of the City Treasurer**

The City Treasurer is appointed by the City Council and serves at their sole discretion. The City Treasurer is charged with the responsibility for the purchase, sale, custody, and investment of City of Malibu funds, and the development of procedures to implement this Investment Policy. The City Treasurer is further responsible for the duties and subject to the powers imposed by and applicable to City Treasurers under the general laws of the State of California.

## **10.0 Ethics and Conflict of Interest**

Officers and employees involved with the investment process shall refrain from personal business activity that could conflict with proper execution of this investment program, or which could impair their ability to make impartial investment decisions.

## **11.0 Reporting**

A quarterly Financial Report shall be prepared by the Administrative Services Department which shall include the City Treasurer's Cash and Investment Report, **under Government Code Section 53646**; and the City Treasurer's Fund Balance Report, **under Government Code Section 41004**. Revenue, expenditure, and cash flow reports will be provided for support of these reports. The City Treasurer shall receive, inspect, correct, and certify all of these reports.

## **12.0 Policy Review**

This Investment Policy shall be reviewed annually by the City Council in accordance with state law, to ensure its consistency with respect to the overall objectives of safety, liquidity, and yield. Proposed amendments to this Policy shall be prepared by the City Treasurer and shall be forwarded to the City Council for consideration.

## **13.0 Authority**

This Investment Policy was duly adopted by authority of the City Council of the City of Malibu on the 28 day of January, 2002.